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PARTITION ACCEPTED AS PRELUDE TO INDIAN INDEPENDENCE

A NEW turn has been given to India's political development by the Labor government's proposals of June 3 for partition of British India as a prelude to independence. For the first time in the long history of conflict and negotiation over India's status partition has been advanced as an official British solution; and for the first time leaders of the Congress party and Sikh community have joined the Moslem League in accepting the view that a free India will not be a united India. Also significant is the British declaration that power will be transferred to Indian authorities this year on the basis of Dominion status—an arrangement which could foreshadow continuance of all or part of India within the British Commonwealth after independence is formally granted.

BACKGROUND OF THE NEW PLAN. Current proposals are an outgrowth of the failure of previous negotiations. On May 16, 1946 Britain suggested a federal settlement under which the Congress party and Moslem League would form an Interim Indian government subordinate to the Viceroy, while a Constituent Assembly was to draw up a constitution for the future independent India. If carried out, this plan would have resulted in a united India (demanded by the Congress party) with a marked degree of autonomy for regional groupings of provinces (an effort to satisfy the Moslem League's demand for a Moslem state of Pakistan). What happened, however, was that the Congress sought to whittle down the Pakistan implications of the plan, while the Moslem League asked for more than was offered under the proposals. An Interim government was established, ultimately containing representatives of both parties, but the relationship of Congress and the League in the new regime was one of juxtaposition, not coalition. A Constituent As-

sembly was also created, but it was essentially a Congress-Sikh body, boycotted by the League.

While these political developments were taking place, India was racked by Hindu-Moslem riots, which caused some thousands of deaths in a number of provinces. By the beginning of this year it was clear that the 1946 scheme could not succeed and that Indian conditions were becoming dangerously tense at a moment when Britain's difficulties were increasing at home. It was in this atmosphere that Prime Minister Attlee announced on February 20 that British rule would end not later than June 1948 and that Lord Mountbatten would replace Lord Wavell as Viceroy. Although Attlee urged acceptance of the 1946 plan, the effect of setting a date for the end of British administration was to heighten the Moslem League's hopes for Pakistan. At the same time the Congress party, tasting the fruits of power in the Interim government and increasingly conscious of the weight of the League in the Moslem community, seemed less inclined to oppose partition.

FORMULA FOR PARTITION. After establishing himself in his new post and negotiating at length with Indian leaders, Lord Mountbatten returned to Britain for decisive cabinet talks in May. The plan of June 3 was the result. Under its terms the areas which might form a new Moslem state of Pakistan or be divided between Pakistan and Hindustan are given the choice of joining the present Constituent Assembly or establishing a new and separate Constituent Assembly of their own. The proposals, it is true, at no point exclude the possibility of a united Indian government, but this is clearly a matter of form. In Bengal and the Punjab partition of the provinces into Moslem and non-Moslem-majority sections is envisaged, while in Sind the province as a whole is to enter one or another Constituent

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Assembly. The method of decision in these three provinces will be by vote of the existing Legislative Assembly. In the Northwest Frontier Province (where Moslems predominate, but in the past gave more support to the Congress party than to the League) and in the Sylhet district of Assam (a Moslem-majority district in a Hindu-majority province) a popular referendum will probably be held. Baluchistan, a Moslem-majority area separate from the British Indian provinces, is to make its choice through special arrangements.

The British plan urges speed in negotiating on the "administrative consequences" of partition—for example, the division of assets and governmental facilities within the Punjab and Bengal, the transfer of the Central government's powers over defense, finance and communications to the new successor authorities, and the conclusion of treaties between the latter and Britain. The plan also announces Britain's willingness to hand over power to "an independent Indian Government or Governments" before the previously named date of June 1948 and declares that "the most expeditious, and indeed the only practicable, way" of doing so is for Britain to introduce legislation in parliament authorizing a transfer of power in 1947 on the basis of Dominion status. The specific declaration is made that this is "without prejudice" to the right of the Constituent Assemblies to decide in due course whether

they wish to remain within the British Commonwealth. One last point to be noted is that the entire plan applies only to British India and not to the Princely states.

FUTURE PROSPECTS. The proposals of June 3 indicate the flexibility of the British government in approaching a crucial issue of foreign policy. It is apparent that in planning to give up direct political control of India, Britain sees the possibility of an extremely close long-term relationship with the new states born out of the subcontinent with its four hundred million people. Economically, geographically and administratively the partition of India, especially the Punjab and Bengal, is a very doubtful procedure, cutting across the fine web of innumerable existing relationships, but it may have been made necessary by the human factor—the taut relations of Hindus and Moslems, and especially of their political leaders. Many persons in India and abroad hope that the surgery of partition will be followed by a healing process—a reunion by agreement in order to face joint problems. At present, however, it is impossible to say whether this will occur or whether the divisive tendencies within India and many of the issues of British-Indian relations will be transferred from an all-Indian level to a new level of Pakistan, Hindustan and the Princely states.

LAWRENCE K. ROSINGER

LONDON WELCOMES MARSHALL PLAN FOR EUROPEAN AID

Nowhere has Secretary Marshall's June 5 statement on the desperate need to extend greater United States financial aid to Europe found more sympathetic reaction than in Britain. Not only may London eventually benefit directly—possibly by a new loan—if Congress and the Administration in this country are able to agree on Marshall's proposals. The United Kingdom's external financial position will also be improved by any move which will effectively relieve the dollar shortage now becoming acute throughout the world. Meanwhile, British treasury officials were preparing orders for still sharper cuts on imports received both from America and from such soft currency countries as France and Denmark. For Cabinet Ministers continue to point out, as they did at the recent Margate conference of the labor party, that unless productive capacity is raised and exports increased, the only alternative is reduced imports and a lower standard of living.

"DIG FOR DOLLARS." At almost the same time Marshall was speaking at Harvard University, Foreign Secretary Bevin told a London audience that Britain must "dig for dollars" as it dug for victory during the war. Bevin was repeating the plea for self-help first, which the Chancellor of the Exchequer, Hugh Dalton, made at Margate on May 28, when he said that he was not in favor of asking

for another American loan. These statements hardly veil the fact that Britain will need further assistance, but in the government's view, the nation must prove itself worthy of new financial risks. On June 4 Washington Treasury officials revealed that Britain was drawing on her \$3,750,000,000 loan from this country almost one-third faster than originally planned, and it is now apparent that the entire loan will be exhausted by the early part of 1948.

The seriousness of the "dollar problem" for Britain is also shown in trade statistics for 1946, recently published in London. Last year Britain received almost 45 per cent of its imports from the Western Hemisphere—the core of the hard currency area. The same countries, however, took less than one-third as much in exports from Britain. The United States and Canada were the largest sources of supply to Britain, but India and South Africa were its largest purchasers. The nation's trade was most evenly balanced with respect to the sterling area. In 1946 about 35 per cent of British imports came from sterling countries, and a similar amount of exports were sold to these nations. Total exports for the past year have been 10 to 15 per cent above pre-war standards. But targets set for this year—some 40 per cent above 1938 figures—may not be reached because the fuel crisis last winter caused a serious,

if temporary, decline on the side of exports. While January foreign sales rose 12 per cent above the 1938 volume, they dropped 8 per cent below that point in February and did not again reach the pre-war level either in March or April.

Britain's deficit on its overseas balance of payments for 1946 was considerably less than expected. Reconversion during the year proceeded smoothly and the export drive was so successful that the deficit amounted to only about \$1,800,000,000. Estimates originally placed the possible deficit as high as double that amount. For 1947 it is hoped to reduce the deficit still further. But by July 15, according to the terms of the American loan, London must make some adjustment of its overseas sterling debts. If, however, any large amounts of the blocked balances owed to countries from which Britain made heavy wartime purchases are immediately converted into dollars, then the chance of reducing Britain's overseas financial deficit will be destroyed. Under the Washington loan agreement Britain has to seek part cancellation of these debts, which total about \$12,000,000,000, just as the United States canceled most lend-lease balances owing from abroad. But India whose credit in London equals about \$5,000,000,000, Egypt with its \$1,800,000,000 balance, and Iraq have flatly rejected any suggestions on cancellation.

TRADING ON HOPE. At every turn, Britain must plan its trade program with extreme care. Thus far since the end of the war it has operated abroad in a seller's market, but the day is not far off when quality and even the availability of sterling itself in payment for exports will count for much more in the export drive. In order eventually to reach the nation's goal of exports 75 per cent above the 1938 volume, most British government leaders and economists recognize that world trade must expand. Since the Marshall program for Europe will aid in this wider trade expansion, it can not fail to appeal to Britain. And London may be expected to seize the initiative, which the Secretary of State called for

from Europe, in bringing nations on the continent together to explore their economic needs. When this is done, Marshall indicated that American assistance could be made on an integrated, rather than a "piecemeal" basis. Such a program may also give new direction to the trade talks in Geneva. So far Britain has moved with extreme caution in planning for the International Trade Organization and in discussing tariff reductions. This has happened not only because Australia and other Dominions have urged retention of the system of British imperial preferences. These nations face growing evidence of America's contradictory tariff policy as revealed by our handling of the wool bill now before Congress while our negotiators at the Geneva trade parley have urged reduction of trade barriers. London would find it necessary in any case to build its own tightly knit trading area if the danger of a dollar shortage were to persist. Moreover, the Labor government probably would attempt to draw at least the Western European countries more firmly within its economic orbit if forced to do so by any sharp decline in world trade. If the Marshall project is finally inaugurated, however, Britain's trading tasks, like those of other European nations, will be materially lightened.

GRANT S. MCCLELLAN

(The last of three articles on Britain's economic problems.)

RESEARCH DEPARTMENT ACTIVITIES

Members of the Research Department, in addition to their work in the Foreign Policy Association, are contributing to various other undertakings in teaching and research. Lawrence K. Rosinger was a visiting lecturer in Chinese History at Columbia University in 1946-47, giving two courses: the Modernization of China, and Modern History of the Far East. During the second semester, Grant S. McClellan taught International Organization and American Political Institutions at Hunter College, evening sessions; at Barnard College, Olive Holmes gave a course on Latin America and Vera Micheles Dean, a course on Russia. Mrs. Dean has been appointed visiting lecturer at Harvard University for the second semester of 1947-48, when she will offer a course on "The United States and Russia" in the Regional Program on the Soviet Union to be inaugurated by Harvard in the fall.

Vernon McKay has been awarded a grant by the Carnegie Corporation for a study of the impact of the war on British colonies in West Africa. He will leave on July 1 to spend three and a half months in London and in West Africa.

For background information on current developments in India, see—

THE INDEPENDENCE OF INDIA by Phillips Talbot

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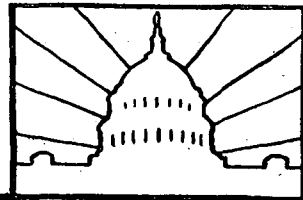
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Washington News Letter



WASHINGTON SEEKS HEMISPHERE MILITARY ALLIANCE

President Truman laid the foundation for an inter-American military alliance on June 3 by announcing that Argentina has fulfilled obligations it accepted at the Conference of Chapultepec in March 1945. Formally ending a long period of strained relations between the United States and Argentina, this action at last makes possible the convening (on a date yet to be set) of a special meeting at Rio de Janeiro to obtain agreement among all the American Republics on a treaty of hemisphere defense. The United States in the autumn of 1945 was responsible for the indefinite postponement of the Rio meeting because it did not want to discuss hemisphere solidarity with Argentina as long as the latter, contrary to Chapultepec policy, was granting sanctuary to Nazis. Mr. Truman, whose personal consultation with Argentine Ambassador Oscar I. Ivanissevitch prepared the way for reconciliation, is now satisfied with Argentina's policy toward Nazis. Still dissatisfied, Spruille Braden, Assistant Secretary of State for American Republics Affairs, resigned on June 4, and on June 5 the President recalled from his post George Messersmith, Ambassador to Argentina, long an advocate of reconciliation. Hope that Canada might for the first time join a hemisphere solidarity program prompted President Truman to visit the Dominion on June 10.

The Administration on May 26 had requested authorization from Congress to train armed forces of Canada and the Latin American Republics, maintain and replace their military equipment from our stocks, and furnish them with technical military information. The fact that President Truman submitted the arms message after Congress failed to act on a similar request last year disclosed the great importance he attaches to the proposal. In renewing this particular request, the President acted also on the belief that Congress would rather approve an exchange of weapons among New World nations than provide the dollars needed for a practical program of inter-American collaboration for economic development.

EXISTING MILITARY PROGRAM. Meanwhile the State, War and Navy Departments have been executing a policy of inter-American military collaboration without waiting for Congress to act on Presidential messages. The State Department is furnishing arms from World War II surpluses to all Latin American countries except Argentina, the Dominican Republic, Honduras and Nicaragua. Under contracts signed as of March 15, Brazil, Chile, El

Salvador, Colombia, Guatemala, Mexico, Peru, Uruguay, and Venezuela have received since V-J Day, fighting planes, ground equipment, armed vessels, artillery, guns, small arms and ammunition which cost originally \$37,149,309.99 (sales value as surplus \$5,063,837.34), and negotiations are under way for additional sales. The figure of \$37,000,000 seems small, but is almost 10 per cent of the \$408,362,157 value of all the combat supplies which the American Republics received through lend-lease distribution during World War II and afterward until December 31, 1946. Brazil obtained lend-lease material amounting to \$292,268,962. The remainder went to all Latin American countries except Argentina. The War Department has furnished Canada, which accepted no lend-lease, with surplus valued at \$178,813,121, although not all the material consists of arms. The War Department, moreover, is seeking an appropriation of \$80,000 for the work this coming fiscal year of the Joint United States-Brazil Defense Commission, and the Navy Department has asked for an appropriation of \$55,000 to pay for the travel and subsistence of Latin American naval officers visiting the United States. Besides permitting the Administration to expand the current program of arms distribution, Congressional approval of the legislation the President requested on May 26 would enable the United States to implement the proposed permanent inter-American defense treaty.

CONFLICTING POINTS OF VIEW. From the War Department's point of view, the military program would bind the Americas in a closer alliance than they ever had in the past, put at our disposal a large body of trained fighting men, strengthen the defenses of the hemisphere against invasion, keep American arms factories busy, and repress the rise of Communists in Latin American countries. The State Department in the past has feared that distribution of arms would encourage both revolution and dictatorship in Latin America and actually weaken hemisphere solidarity by possibly increasing jealousies among the Republics and giving substance to complaints about United States interference in other nations' affairs. Some State Department officials have argued that the United States could check communism in the Americas more quickly and effectively by economic assistance to the Latin American peoples than by show of arms. Secretary of State Marshall and President Truman favor the view of the War Department.

BLAIR BOLLES